BentallGreenOak

MEPT Fund

Quarterly Report

Second Quarter August 2019

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U.S. Market Overview

Property Sector Analysis

Portfolio Spotlight

1200 Stewart | Seattle

Letter to Investors

NORCAL LOGISTICS CENTER
Industrial, Stockton, CA

Second Quarter Results

(Gross of Fees)			(Net of Fees)		
Quarter	Trailing 1-Year	Gross Asset Value	Quarter	Trailing 1-Year	Net Asset Value
1.24%	6.93%	$8.5B	1.02%	6.00%	$6.5B

In the second quarter the MEPT Fund generated a total gross return of 1.24% (1.02%, net of fees) and outperformed the NCREIF-ODCE index (the "ODCE" or the "Index") total return of 1.00% by 24 bps. The Fund's 1-year total return of 6.93% (6.00%, net of fees) outperformed the Index total return of 6.41% by 52 bps. MEPT's medium- and longer-term returns remain competitive with the Index; the 3-year return is 7.01% (6.08%, net of fees) and the 5-year return is 9.24% (8.30%, net of fees).

The Fund's outperformance in the second quarter was again driven by the industrial portfolio, which benefited from broad market rent growth and yield compression. MEPT also experienced strong appreciation from CBD office assets in San Francisco generated by leasing activity and strengthening market rents. Additionally, the Fund does not hold any regional malls, high-street retail or large lifestyle retail centers, all of which have produced negative total returns in recent timeframes.

We believe the Fund is positioned for continued outperformance with its overweight to Primary Markets and to industrial, multi-family, and CBD office assets along with an underweight to retail and suburban office assets. Additionally, the Fund has increased its structured investment portfolio to 3.0%, which should be accretive in a more income-driven performance environment.

Both MEPT and the ODCE experienced significant depreciation this quarter from debt mark-to-market adjustments of 26 bps and 28 bps, respectively. Additionally, core real estate returns, in general, continued to moderate; however, we believe core real estate remains attractive relative to other asset classes, particularly on a risk-adjusted basis. As for the U.S. economic expansion, we do not see an obvious or imminent end. National unemployment and interest rates remain historically low, wage growth is strong, and consumer spending is healthy. Nonetheless, there are threats to continued growth, including U.S. political turmoil, slowing global growth, and burgeoning trade wars.

As always, we remain vigilant in our management of MEPT and we greatly appreciate your continued confidence in our stewardship of your capital.

David Antonelli,
Managing Partner
Senior Portfolio Manager

Mike Keating,
Managing Director
Portfolio Manager

On the Cover: **1200 STEWART**, *Multifamily*, Seattle

MEPT Fund Overview[1]

As of June 30, 2019

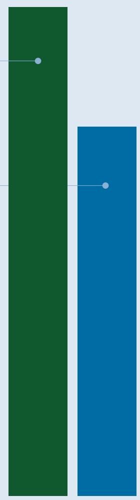
Fund Snapshot

Gross Asset Value

$8.5B

Net Asset Value

$6.5B



108 Assets

27 Markets

337 Investors

93.9% Leased

33.2M Operating Square Feet

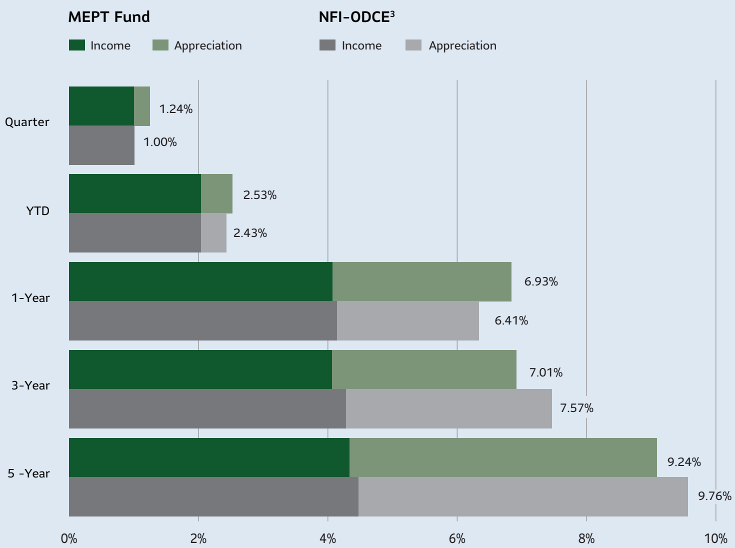
23.9% Leverage as a % of GAV

0.9% Cash as a % of NAV

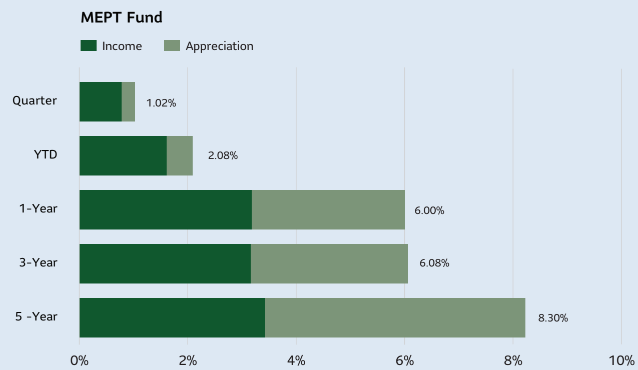
14.5YRS Average Property Age

Fund Returns 2Q 2019[2]

Gross of Fees



Net of Fees



Investor Activity

2Q Contributions	2Q Redemptions
$22.8M	$65.6M

1 Asset values and performance returns set forth in this report are based upon and consistent with the methodologies used for calculating such information described in the current applicable fund document for MEPT. Schedules of investment performance for MEPT are prepared by NewTower Trust in accordance with the guidance provided within the National Council of Real Estate Investment Fiduciaries (NCREIF) Pension Real Estate Association (PREA) Reporting Standards, as sponsored by NCREIF and PREA (the Reporting Standards). Real estate revenue is reported when contractually earned and billable to be consistent with the valuation methodology used to determine unrealized gains and losses

2 Please note: Past performance is not indicative of future results. Performance objectives (whether based on market conditions that affect MEPT Fund or on MEPT Fund itself) reflect a variety of assumptions, which may not be realized and are subject to significant uncertainties and contingencies. Performance goals, including investment returns (e.g., Unit Value), acquisition and disposition activity, leverage, portfolio diversification (including cash position), and leasing rates could be adversely affected and actual results could differ materially from the Management Team's expectations.

3 NCREIF, the National Council of Real Estate Investment Fiduciaries, is a trade association of institutional real estate professionals that includes investment managers, plan sponsors, academics, consultants, appraisers, CPA's and other services providers with significant involvement in institutional real estate investments. NCREIF collects and disseminates real estate performance information, most notably the NCREIF Property Index (NPI) but also the NFI-ODCE. NCREIF Fund Index – Open End Diversified Core Equity (NFI-ODCE) is an index of investment returns reported on both a historical and current basis for open-end U.S. commingled funds with a core investment strategy. The NFI-ODCE index is capitalization-weighted and is reported gross of fees and measurement is time-weighted. Further information about this index is available at www.ncreif.org.

U.S. Market Overview

The U.S. economy continued to expand at a modest pace in the second quarter. According to the government's advance estimate, real GDP increased by 2.1% on an annualized basis, reflecting positive contributions from personal consumption and government spending. Additionally, the economy added 512,000 nonfarm payroll jobs over the quarter and the unemployment rate remained near historic lows at 3.7%. These results suggest continued economic growth driven by a number of factors, but most notably expectations of rate cuts by the U.S. Federal Reserve and more sanguine news on U.S./China trade negotiations. Despite a variety of positive drivers, risk factors such as trade wars, continued slowdown in Europe and Asia, Brexit, and further weakening in U.S. manufacturing merit careful attention as they could pose future obstacles for growth.

The outlook for the U.S. industrial real estate sector continues to be very positive despite a slight increase in the national availability rate to 7.1% during the quarter, according to CBRE-EA. Supply outpaced demand for the second straight quarter; however, industrial demand remains strong and exceeded supply over the trailing four quarters. The U.S. office outlook is positive as the vacancy rate declined to 12.2%, according to CBRE-EA, while national asking rents increased on both a quarterly and annual basis.

The outlook for the U.S. multifamily sector strengthened as the national apartment vacancy rate decreased 0.4% bps over the past year to 4.2%, according to RealPage, while average effective rents rose by 1.8% over the quarter reflecting a 3.0% increase over the past 12 months. The U.S. homeownership rate has declined in each of the past two quarters. Retail is relatively unchanged as the vacancy rate for neighborhood, community and strip centers decreased slightly to 8.8%, according to CBRE-EA. ■

MEPT Performance and Property Sectors

MEPT's Second Quarter total gross return was 1.24% (1.02%, net of fees) consisting of 0.99% income and 0.25% appreciation. The main driver of second-quarter appreciation was market rent growth and yield compression in the industrial portfolio, particularly from assets in the West. Additionally, market rent growth at multifamily assets in multiple markets and at 475 Sansome, a CBD office asset in San Francisco, contributed meaningful appreciation during the quarter. The largest detractors to performance were debt mark-to-market adjustments due to the rapid decline in benchmark rates, lower-than-anticipated market rent growth at select office assets, and closing costs associated with the disposition of an office asset that is expected to close in the third quarter. ■

Portfolio Metrics

As of June 30, 2019

	Assets[1]	% Of Allocation (GAV)[1]	Total Return[2]	Leased[3]	Average Stabilized Cap Rate
Industrial	27	18.1%	2.9%	97.9%	4.9%
Office	35	42.0%	0.6%	88.5%	5.4%
Multifamily	25	30.1%	1.6%	91.4%	4.3%
Retail	17	8.8%	0.4%	96.1%	5.6%

Industrial

MEPT's industrial portfolio delivered a total return of 2.88% in the second quarter, comprised of 1.05% income and 1.83% appreciation. Once again, the majority of the industrial portfolio appreciated during the quarter, driven by further market rent growth and yield compression in assets in the West. The Fund's industrial portfolio continues to be a relative strength having outperformed the ODCE's industrial return by 134 bps over the trailing 12 months and 159 bps over the trailing five years. The Fund's high-quality industrial portfolio is concentrated in primary distribution markets and remains well positioned to continue to benefit from the historic growth in warehouse demand.

Retail

MEPT's retail portfolio delivered a total return of 0.43% in the second quarter, comprised of 1.32% income and 0.89% depreciation. The Fund has strategically maintained a significant underweight to the retail sector due to the disruptive effects of e-commerce. The Fund's retail allocation is almost entirely comprised of grocery-anchored, necessity-based retail centers, and includes minimal exposure to power centers and no exposure to malls. As a result, the Fund's retail portfolio remains well-leased and has outperformed the ODCE retail return by 528 bps over the trailing 12 months.

Office

MEPT's office portfolio realized a total return of 0.62% in the second quarter, comprised of 0.97% income and 0.36% depreciation. Market rent growth at assets in San Francisco generated strong appreciation this quarter. However, tempered rent growth for assets in New York and closing costs related to a disposition expected to close in the third quarter contributed to overall depreciation during the quarter. In the second half of 2019, we expect markets with strong innovation industry exposure will continue to outperform, which aligns with the positioning of the Fund's office holdings.

Multifamily

MEPT's multifamily assets delivered a total return of 1.59% during the quarter, comprised of 0.90% income and 0.69% appreciation. The top performing asset was 360 State Street, a Class A high-rise apartment building located in New Haven, CT. Assets in Chicago, Boston, and Atlanta also contributed meaningful appreciation. The Fund acquired Alameda Station, a four-story multifamily asset in Denver, CO. This acquisition illustrates the Fund's strategy of increasing exposure to mid-rise assets in key innovation markets that we believe have greater potential for rent upside.

[1] Excludes land and parking assets.

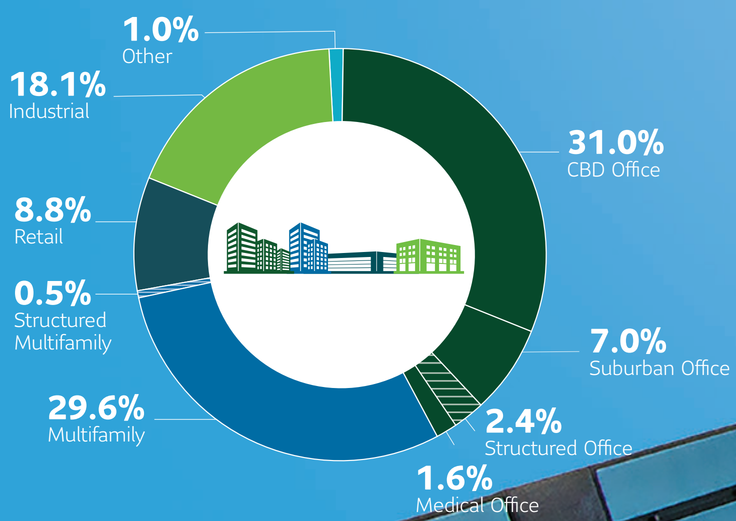
[2] Property sector returns are gross of fees and shown on an unlevered basis.

[3] Excludes non-operating assets.

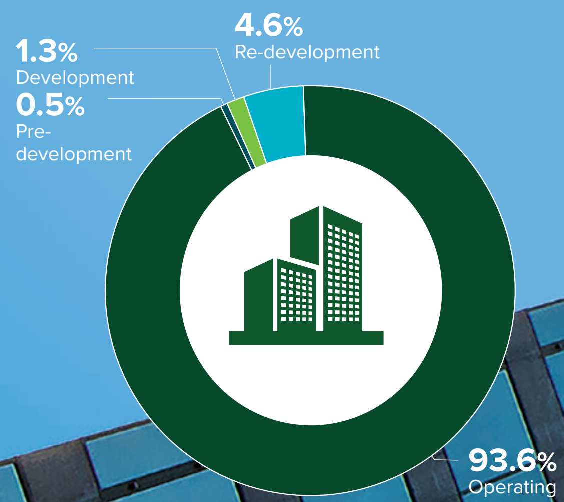
MEPT by the Numbers

Diversification and Portfolio Characteristics as of June 30, 2019

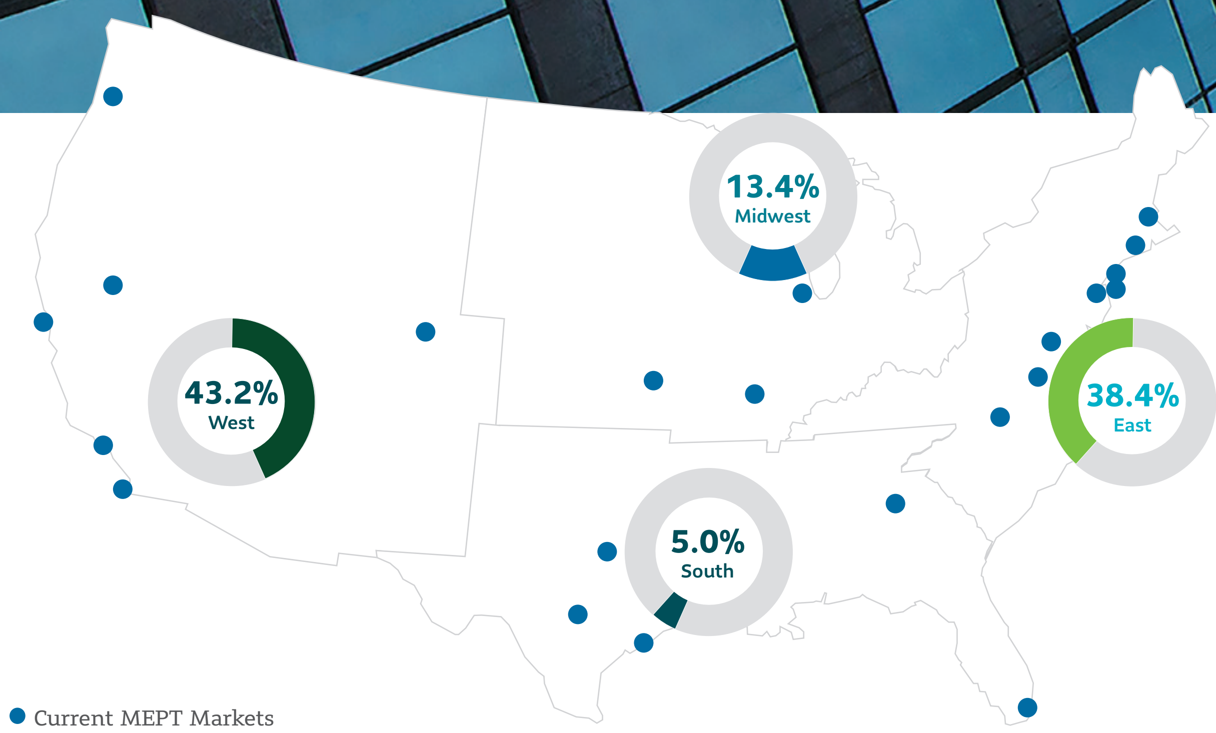
By Property Type (GAV)



By Life Cycle (GAV)



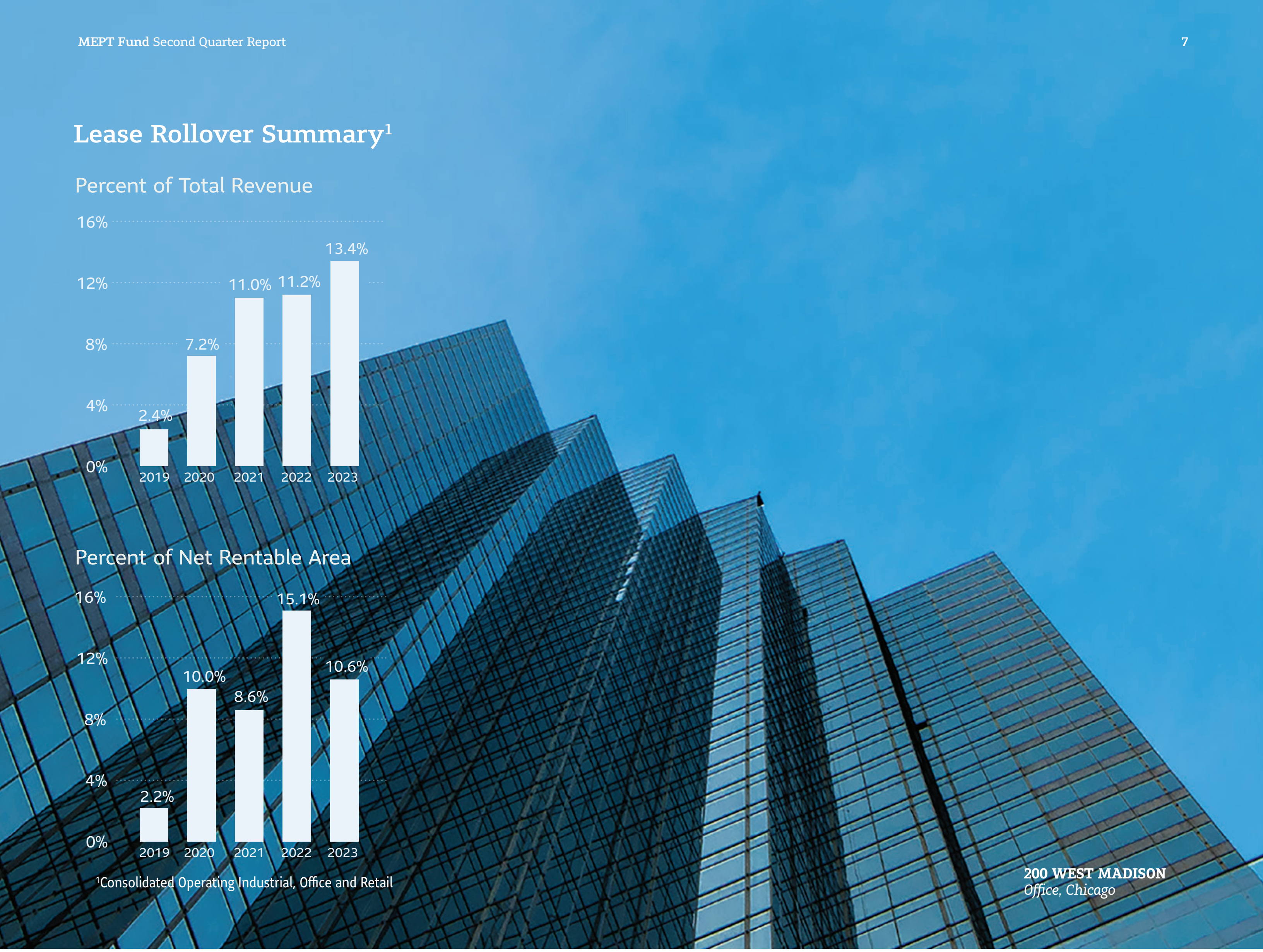
By Geographic Region (GAV)



Notes

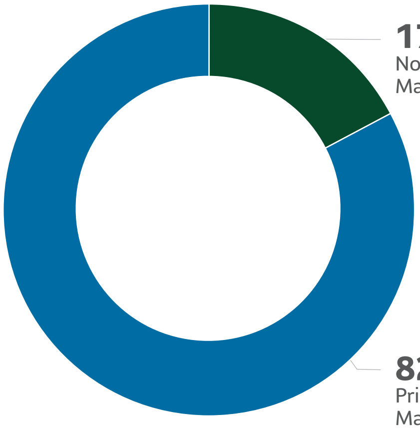
Asset values and performance returns set forth in this report are based upon and consistent with the methodologies used for calculating such information described in the current applicable fund documents for MEPT.

Forward looking statements found in this report are subject to change and applicable only as of the date made. Many of the factors affecting such statements are impossible to predict with certainty, and as such, are outside the control of MEPT. Further, past performance is not indicative of future results.



200 WEST MADISON
Office, Chicago

By Market (GAV)



Top Markets by Investment

As of June 30, 2019

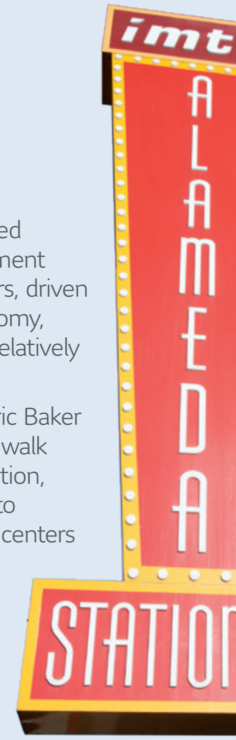
MARKET	GAV (IN $M)	% OF GAV
New York, NY	$ 1,813	17.0%
San Francisco, CA	1,407	13.2%
Chicago, IL	1,188	11.1%
Washington, DC	1,078	10.1%
Portland, OR	837	7.9%
Los Angeles, CA	817	7.7%
Boston, MA	723	6.8%
Denver, CO	716	6.7%
Seattle, WA	415	3.9%
All Other Markets	1,660	15.6%
Total	**$ 10,655**	**100.0%**

Primary Market Secondary Market

Transactions

Second Quarter Activity

In the second quarter of 2019, MEPT acquired one multifamily asset, which is detailed below:



Alameda Station presented the opportunity to acquire a Class A, mid-rise, multifamily property at an attractive yield in the high-performing Denver market

- 338-unit multifamily asset built in 2014 featuring an attractive amenity package, including a fitness center, yoga studio, heated swimming pool, hot tub, zen garden, and rooftop terrace

- Located in the Denver metro market, which has experienced significant growth in employment and population in recent years, driven by the area's diversified economy, attractive quality of life, and relatively low cost of living
- Centrally located in the historic Baker neighborhood within a short walk of the Alameda Light Rail Station, providing convenient access to Denver's major employment centers and South Broadway's entertainment district, which includes popular bars, restaurants, art galleries, and theaters
- Acquired at an attractive going-in yield of 4.9%, providing a yield premium relative to other Class A properties in the Denver metro ■

Despite a competitive environment, MEPT continues to source attractive opportunities both on and off-market. The Fund currently has two industrial assets under contract, both of which are expected to close in the third quarter.

Additionally, the Fund continues to take advantage of attractive market pricing to opportunistically sell assets. Although there were no dispositions during the quarter, the Fund currently has six assets under contract or LOI, including $547.5 M of office assets. Assuming closing of the pending third quarter sales, the Fund will have sold over $795 M of office assets in 2019 and over $1.1 B since the start of 2018. As always, the Fund continues to evaluate its portfolio and pursue opportunities to maximize asset value through accretive disposition activity.

2019 Transaction Pipeline of Existing and Development Opportunities

Acquisition Activity

$669.8M
Acquisitions Closed

$143.4M
In Process

$813.2M
Pipeline Total

Closed

City	Asset Name	Type	Price (in $M)	Asset Class
Seattle	1200 Stewart (Mezzanine Loan)	Development	$200.0	Multifamily
Stockton	NorCal Logistics Center	Existing	$103.7	Industrial
Boston	3 Distribution Center	Existing	$44.9	Industrial
Boston	140 Depot Street	Existing	$31.9	Industrial
Boston	30 Superior Drive	Existing	$51.6	Industrial
Pittsburgh	Strip District Portfolio	Redevelopment	$99.3	Retail/Office
Portland	Windward Retail A (Loan)	Existing	$6.9	Retail
Portland	Windward Land (Purchase Option)	Existing	$8.1	Multifamily
Denver	Alameda Station	Existing	$109.0	Multifamily
Chicago	McClurg Land (Partial Acquisition)	Existing	$14.4	Multifamily

In Process

Boston	Industrial Opportunity	Existing	$34.4	Industrial
Miami	Industrial Opportunity	Existing	$109.0	Industrial

Disposition Activity

$337.6M
Total Closed Dispositions
4
Assets

$791.2M
Total Dispositions in Process
8
Assets

Closed

City	Asset Name	Asset Class	Price (in $M)
Boston	22 Boston Wharf	Office	$178.1
Boston	300 A Street	Office	$70.4
Boston	Necco Garage	Other	$81.1
Portland	Windward Retail Unit	Multifamily	$8.0

In Process

San Francisco	Existing Office Asset	Office	$322.8
Chicago	Existing Office Asset	Office	$128.5
Washington, DC	Existing Office Asset	Office	$72.0
Baltimore	Existing Office Asset	Office	$24.2
Chicago	Existing Multifamily Asset	Multifamily	$185.0
New York	Development Parcel	Industrial	$41.8
St. Louis	Development Parcel	Industrial	$11.1
Kansas City	Development Parcel	Industrial	$5.8

Portfolio Spotlight:

Transform

1200 Stewart – Mezzanine Loan

Market Overview

1200 Stewart offers residents, and commercial tenants a premier location in one of the highest growth and best-performing economies in the country. Seattle's economy benefits from a broad and diverse employment base and job growth has been fueled by technology-based companies focused on e-commerce, cloud computing, artificial intelligence, and augmented reality. Located in the Denny Triangle submarket, 1200 Stewart is especially well-suited to capture residents employed in these fields: the site is in walking distance to Amazon's approximate 14 million square feet of office space and Google's 1 million square foot South Lake Union campus, as well as the new Facebook and Apple buildings in South Lake Union.

The Denny Triangle is a rapidly evolving submarket that is in the midst of a significant transformation resulting in a true live/work/play location within Seattle's urban core. Bordered by Denny Way to the North, Interstate 5 to the East and South, and Sixth Avenue to the West, the neighborhood, once a collection of low-rise B office buildings, now is comprised of new office towers, research facilities, retail destinations, residential development, and a growing restaurant and nightlife scene.

1200 Stewart – Mezzanine Loan

The 1200 Stewart site is located at one of the busiest intersections in the city (Denny Way and Stewart Street), which is also a major southbound off-ramp from Interstate 5 and an access point to Downtown Seattle and South Lake Union from Capitol Hill. 1200 Stewart is expected to be a best-in-class, LEED Silver certified, high-rise apartment catering to young professionals with access to employment and lifestyle amenities. The property will feature 1,041 apartment units in two towers above a common podium, which will include a glass galleria atrium, 119,856 sf of retail area, and 663 parking stalls in a subterranean garage.

The Fund will provide a $200 million mezzanine loan ($173 million in principal and $27 million in interest accrual) with a 9.35% fixed annual return while being located between 43.8% and 73.3% of the capital stack. The Fund's mezzanine loan investment provides strong risk-adjusted returns relative to a typical equity investment in a comparable ground-up development in Downtown Seattle. ■

The 1200 Stewart Mezzanine Loan presented a unique opportunity to invest in an attractive development in Seattle, WA, while generating a strong risk-adjusted return and increasing the Fund's structured investment portfolio

Mezzanine Loan Summary

$200M
Loan Amount

9.35%
Interest Rate

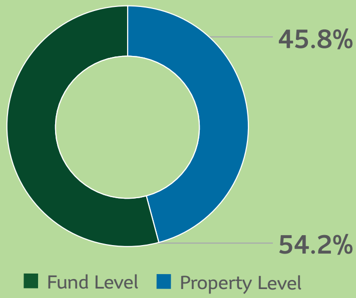
7 Years
Term

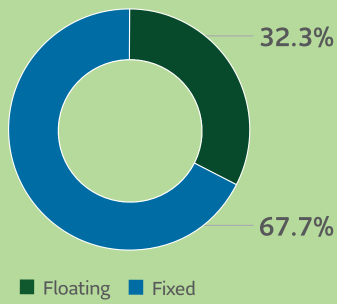
44%–73%
Capital Stack Position
(Percentage of total cost)

Debt Structure

MEPT's leverage ratio decreased slightly to 23.9% from 24.6% during the quarter due to the Fund paying down its revolving credit line. MEPT's leverage remains within the Funds target leverage range of ±3% of peer group leverage, which was 21.5% as of 2Q19. The Fund's debt has a weighted average interest rate of 3.7% and a weighted average remaining term of 5.1 years.

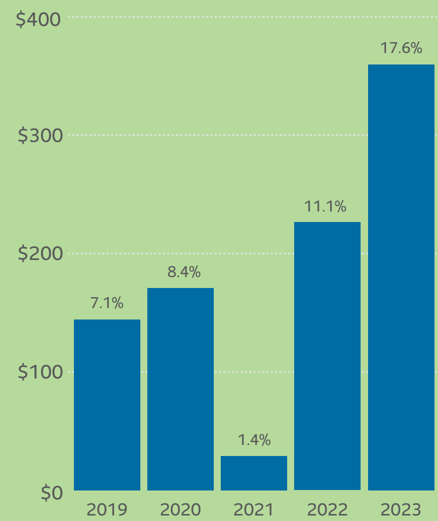
Current Leverage Ratio	Weighted Average Interest Rate
23.9%	3.75%





Debt Maturity Schedule

(in $ millions)



Bentall Kennedy Becomes BentallGreenOak

We are very excited to announce that we officially became BentallGreenOak (the "Firm") on July 1, 2019 with the closing of the merger between Bentall Kennedy and GreenOak Real Estate.

BentallGreenOak now has investment teams on the ground in seven of our top investment markets in the U.S., and a broadened global presence and investment track record that makes us a leading firm in our industry.

Nonetheless, there will be no changes to the management team or investment philosophy of MEPT. There will be no changes to the MEPT brand — a name synonymous with providing attractive risk-adjusted returns and an unwavering commitment to Environmental, Social and Governance principles. In addition, there will be no change to NewTower Trust Company's management team, independent board of directors, or its role as fiduciary to the Fund.

MEPT's portfolio management team will continue to be led by David Antonelli, Senior Portfolio Manager, along with Mike Keating, Portfolio Manager, and Tim Bolla, Associate Portfolio Manager. This team has been in place since 2010 and has over 47 years of collective firm and fund experience. There will be no changes to the Fund's research-driven investment strategy, and MEPT will continue to adhere to its industry-leading Responsible Contractor Policy.

We are confident that your investment in MEPT will benefit from the consistency of our dedicated team and proven investment strategy coupled with our expanded U.S. and global experience. ■

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